

September 9, 2015

Item No. 4

AUTHORIZATION TO EXECUTE AN AMENDMENT TO AN EXISTING HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACT FOR 150 UNITS WITHIN THE EAST PARK APARTMENTS FOR A TERM OF 15-YEARS

TO THE HONORABLE BOARD OF COMMISSIONERS:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached Resolution authorizing the Acting Chief Executive Officer or his designee to execute an amendment to an existing Housing Assistance Payments Contract (HAP) for East Park Apartments for a 15-year term. The Property Rental Assistance (PRA) Evaluation Committee has completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOALS

The proposed HAP Contract amendment supports Plan Forward Goal #1: Coordinating public and private investment to develop healthy, vibrant communities.

The amendment to the existing Housing Assistance Payments Contract (HAP) for East Park Apartments will result in maintaining affordable housing opportunities for individuals by providing Property Rental Assistance (PRA) for 150 apartments for a 15-year term.

FUNDING: Housing Choice Voucher Program (HCV)

HAP CONTRACT HISTORY

East Park Apartments' original HAP contract was executed on and effective as of September 20, 1995 for a 10-year term expiring August 31, 2005. Prior to the expiration of the original HAP Contract that was to expire on August 31, 2005, a subsequent new HAP Contract was executed on or about May 7, 2004 for a one-year term commencing May 1, 2004 and expiring April 30, 2005. East Park Apartments' HAP Contract was renewed, thereafter, annually from 2005 to 2009. On or about February 25, 2010, a renewal HAP Contract was executed for East Park Apartments for a five-year term commencing May 1, 2010 and expiring April 30, 2015. Another renewal HAP Contract for East Park Apartments was recently executed on or about April 23, 2015 for a one-year term, expiring April 30, 2016. The rationale for the one-year HAP Contract was to assist the Owner Entity in continuing to demonstrate guaranteed rental assistance payments while seeking a Low Income Housing Tax Credit allocation for the property from the City of Chicago's Department of Planning & Development (DPD).

PROPERTY SUMMARY

Development Name	Community / Ward / Alderman	Developer / Owner	Target Population	PRA Units	Total Units
East Park Apartments	East Garfield/ 28 th Ward/ Ervin	The Habitat Company, LLC.	Disabled & Homeless	150	152

CONTRACT SUMMARY

Development Name	Funding	Contract Renewal Term	Contract Type	Current Estimated Contract	Total Estimated Contract	Application Received
East Park Apartments	HCV	15 Years	HAP Contract Renewal	\$ 919,788 /year	\$ 13,796,820 (15 years)	Feb 2015; Evaluation Committee Approval May 2015

Development Improvements:

East Park Apartments will submit a 4% Low Income Housing Tax Credit (“LIHTC”) application, to the City of Chicago’s Department of Planning & Development. On behalf of a to-be-formed entity that includes a new Habitat-affiliated entity and the Major Adams Community Committee (MACC), The Habitat Company LLC (“Habitat”) is preparing an application that would sell the property to the new Habitat-MACC partnership to make the following investments and improvements to East Park Apartments:

- Replace the roof;
- Upgrade the HVAC System;
- Improve the common areas;
- Reduce operating costs; and
- Provide new kitchen cabinets and appliances.

In addition, Habitat plans to make a commitment to DPD by marketing units to military veterans. They plan to enter into an agreement with the Veterans Administration that markets the units to veterans by providing information about East Park Apartments, along with information about getting on the CHA waiting list.

Development Security:

Currently, East Park Apartments has a private security firm that provides security to the building. The security coverage is Monday-Friday from 4:00 PM – 8:00 AM; 24 hour coverage on Saturday and Sunday. The security officers are stationed at the entrance of the building behind a desk in the front office. This allows the officers to efficiently check in every resident and guest that comes to the building. The front desk will be equipped with an ID scanner so they can keep accurate records on everyone that enters the building.

During peak traffic hours, which are between the hours of 6 PM – 2 AM, the building will have an additional guard. This will allow one officer to maintain post at the main entrance while allowing another officer to rom the building, thus helping to prevent loitering throughout the building.

In addition to the security officers, the building also has a security camera system consisting of 18 cameras in total. The security camera are strategically located throughout the building on every floor as well as in each of the elevators. There is also a camera that monitors the parking lot next to the building.

The security monitors are conveniently located at the front desk which also allows the officer monitoring the entrance to also monitor the camera system.

Developer Background: The Habitat Company LLC

- Habitat is a leader in property management and development. For over 40 years, they have successfully delivered high quality multi-family management and development services to their clients.
- Habitat currently manages 17,000 units in nearly 70 communities across five states, including Illinois, Florida, Michigan, Missouri, and Oklahoma, and have more than \$2.0 billion in assets under management, of which fifty percent are fee managed.
- In addition, Habitat has developed over 17,000 units, and managed more than \$20 million of capital work for their clients each year.

Development Financing

First Mortgage:	\$4.29M
LIHTC Equity:	\$6.52M
DDF:	\$450K
TIF Grant:	\$4.76M
Total:	\$16,020,000

Waiting List / Occupancy Process

The owner/manager of East Park Apartments will continue to lease all of the PRA-assisted units to eligible individuals and families from CHA's waiting lists. CHA will make these referrals from the Public Housing and PRA waiting lists as well as individuals and families whose right of return under the Relocation Rights Contract has not been satisfied. CHA's waiting lists will be exhausted prior to utilization of a site-based waiting list.

Conclusion

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority Board policies and all applicable federal (HUD) procurement laws.

The Acting Chief Executive Office concurs with the recommendation to execute an amendment to the existing Housing Assistance Payments Contract (HAP) for 150 units within the East Park Apartments for a 15-year term.

RESOLUTION NO. 2015-CHA-83

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated September 9, 2015 entitled: Authorization to execute an amendment to an existing Housing Assistance Payments (HAP) Contract for 150 units within the East Park Apartments for a term of 15-years;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Acting Chief Executive Officer or his designee to execute an amendment to the existing Housing Assistance Payments Contract (HAP) for 150 units within the East Park Apartments for a term of 15-years.



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